

**HUMBOLDT
COMMUNITY SCHOOL DISTRICT**

INDEPENDENT AUDITOR'S REPORTS
BASIC FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

JUNE 30, 2011

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HUMBOLDT COMMUNITY SCHOOL DISTRICT

Officials

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
Board of Education		
(Before September 2010 Meeting)		
Brian Ricklefs	President	2011
Rick Pedersen	Vice President	2013
Trina Carda		2013
Dawn Humburg		2013
Jennifer Berte		2011

(After September 2010 Meeting)

Brian Ricklefs	President	2011
Jennifer Berte	Vice President	2011
Trina Carda		2013
Rick Pedersen		2013
Dawn Humburg	(Resigned April, 2011)	
Randy Hildreth	(Appointed April, 2011)	2011

School Officials

Greg Darling	Superintendent
Rhiannon Lange	District Secretary
Annie Rathke	District Treasurer

BRUCE D. FRINK

Certified Public Accountant

Member:

- American Institute of Certified Public Accountants
- Iowa Society of Certified Public Accountants

Services:

- Individual, Partnership and Corporate Tax Preparation
- Year Round Tax Planning
- Electronic Filing
- Payroll & Sales Tax Preparation
- I.R.S. Representation
- Monthly/Quarterly Write-Up
- Data Processing Services
- Payroll Preparation
- Computerized Financial Statements
- Bank Loan Assistance

Plus:

- Over 30 years of Expertise and Experience
- Evenings & Saturdays Available by Appointment
- Extended Hours During Tax Season

Independent Auditor's Report

To the Board of Education of
Humboldt Community School District:

We have audited the accompanying financial statements of the governmental activities, the business type activities and each major fund of Humboldt Community School District, Humboldt, Iowa as of and for the year ended June 30, 2011, which collectively comprise the District's basic financial statements listed in the table of contents. These financial statements are the responsibility of District officials. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business type activities and each major fund of Humboldt Community School District at June 30, 2011 and the respective changes in financial position and cash flows, where applicable, for the year then ended in conformity with U.S. generally accepted accounting principles.

In accordance with Government Auditing Standards, we have also issued our report dated February 17, 2012 on our consideration of Humboldt Community School District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

Management's Discussion and Analysis, Budgetary Comparison Information and Schedule of Funding Progress for the Retiree Health Plan on pages 4 through 12 and 37 through 39 are not required parts of the financial statements, but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. We did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Humboldt Community School District's basic financial statements. We previously audited, in accordance with the standards referred to in the second paragraph of this report, the financial statements for the seven years ended June 30, 2010 (which are not presented herein) and expressed unqualified opinions on those financial statements. Other supplemental information included in Schedules 1 through 5, including the Schedule of Expenditures of Federal Awards required by U.S. Office of Management and Budget (OMB) Circular A-133, Audits of States, Local Governments and Non-Profit Organizations, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information has been subjected to the auditing procedures applied in our audit of the aforementioned financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Bruce D. Frink

Bruce D. Frink
Certified Public Accountant

February 17, 2012

HUMBOLDT COMMUNITY SCHOOL DISTRICT

Management's Discussion and Analysis

Humboldt Community School District's provides this Management's Discussion and Analysis of its financial statements. This narrative overview and analysis of the financial activities is for the fiscal year ending June 30, 2011. We encourage readers to consider this information in conjunction with the District's financial statements which follow.

2011 FINANCIAL HIGHLIGHTS

- The District's General Fund balance increased by over \$250,000. This is the first time in five years that the balance has increased. The District had revenues of \$12,424,766 and \$12,173,142 was spent during the year.
- The District experienced a decrease in both Resident and BEDS enrollment. The October 2010 BEDS enrollment was 1206.9, while the October 2009 enrollment was 1224.2. This is indicative of the actual number of students attending District schools including open enrollment in students. The District has a plus 83.0 of open enrolled in students versus open enrolled out (up 21.0 from the prior year).
- Revenues increased by 12% from the prior year. This was due primarily to an increase in local sources of revenues by the District (including an income surtax). Expenditures increased by 8% due to increases in payroll and benefits as well as restoration of state aid cuts.
- The District has actively pursued grants from various sources in order to enhance the District's course offerings.
- The District enjoys a 16% solvency ratio. This will allow for flexibility in light of long term trends toward decreasing revenues and inadequate allowable growth.

USING THIS ANNUAL REPORT

The annual report consists of a series of financial statements and other information, as follows:

Management's Discussion and Analysis introduces the basic financial statements and provides an analytical overview of the District's financial activities.

The Government-wide Financial Statements consist of a Statement of Net Assets and a Statement of Activities. These provide information about the activities of Humboldt Community School District as a whole and present an overall view of the District's finances.

The Fund Financial Statements tell how governmental services were financed in the short term as well as what remains for future spending. Fund financial statements report Humboldt Community School District's operations in more detail than the government-wide statements by providing information about the most significant funds. The remaining statements provide financial information about activities for which Humboldt Community School District acts solely as an agent or custodian for the benefit of those outside of the District.

Notes to Financial Statements provide additional information essential to a full understanding of the data provided in the basic financial statements.

Required Supplementary Information further explains and supports the financial statements with a comparison of the District's budget for the year as well as presenting the Schedule of Funding Progress for the Retiree Health Plan.

Other Supplementary Information provides detailed information about the non-major governmental funds and a multiyear comparison of revenues and expenditures. In addition, the Schedule of Expenditures of Federal Awards provides details of various federal programs benefiting the District.

Figure A-1 shows how the various parts of this annual report are arranged and relate to one another.

Figure A-1
Humboldt Community School District Annual Financial Report

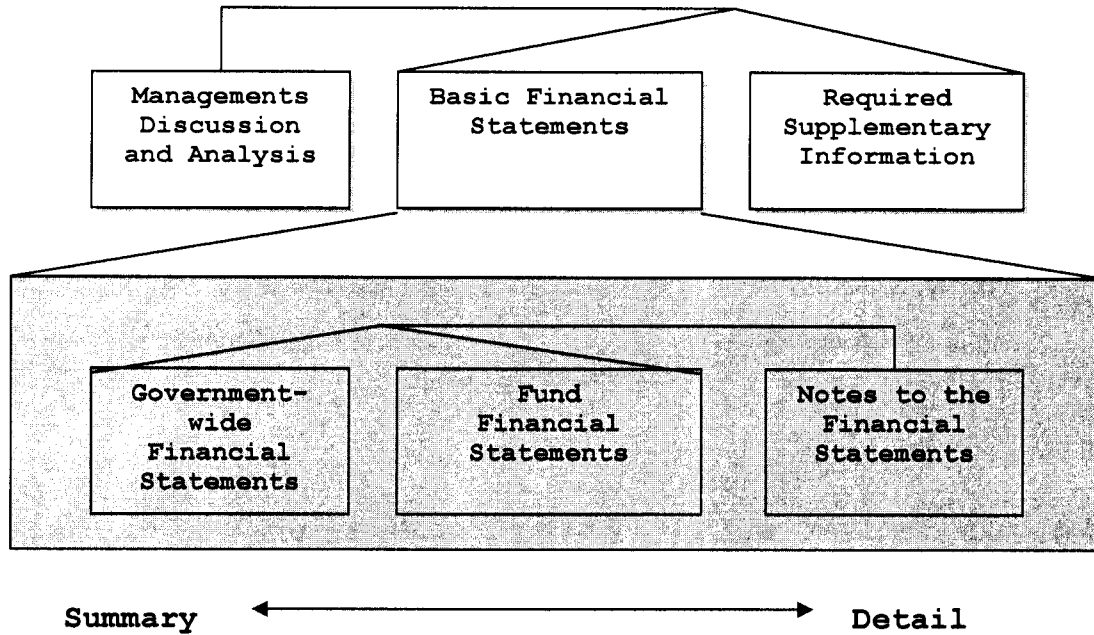


Figure A-2 summarizes the major features of the District's financial statements, including the portion of the District's activities they cover and the types of information they contain.

Figure A-2

Major Features of the Government-wide and Fund Financial Statements

	Government-wide Statements	Fund Statements		
		Governmental Funds	Proprietary Fund	Fiduciary Funds
Scope	Entire District (except fiduciary funds)	The activities of the District that are not proprietary or fiduciary, such as special education and building maintenance	Activity the District operates similar to private businesses: food services	Instances in which the district administers resources on behalf of someone else, such as scholarship programs
Required financial statements	<ul style="list-style-type: none"> • Statement of net assets • Statement of activities 	<ul style="list-style-type: none"> • Balance sheet • Statement of revenues, expenditures and changes in fund balances 	<ul style="list-style-type: none"> • Statement of net assets • Statement of revenues, expenses and changes in fund net assets • Statement of cash flows 	<ul style="list-style-type: none"> • Statement of fiduciary net assets • Statement of changes in fiduciary net assets
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus	Accrual accounting and economic resources focus
Type of asset/liability information	All assets and liabilities, both financial and capital, short-term and long-term	Generally, assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets or long-term liabilities included	All assets and liabilities, both financial and capital, short-term and long-term	All assets and liabilities, both short-term and long-term; funds do not currently contain capital assets, although they can
Type of inflow/outflow information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and the related liability is due during the year or soon thereafter	All revenues and expenses during the year, regardless of when cash is received or paid	All additions and deductions during the year, regardless of when cash is received or paid

REPORTING THE DISTRICT'S FINANCIAL ACTIVITIES

Government-wide Financial Statements

The government-wide financial statements report information about the District as a whole using accounting methods similar to those used by private-sector companies. The Statement of Net Assets includes all of the District's assets and liabilities. All of the current year's revenues and expenses are accounted for in the Statement of Activities, regardless of when cash is received or paid.

The two government-wide financial statements report the District's net assets and how they have changed. Net assets - the difference between the District's assets and liabilities - are one way to measure the District's financial health or financial position. Over time, increases or decreases in the District's net assets are an indicator of whether financial position is improving or deteriorating. To assess the District's overall health, additional non-financial factors, such as changes in the District's property tax base and the condition of school buildings and other facilities, need to be considered.

In the government-wide financial statements, the District's activities are divided into two categories:

- *Governmental activities:* Most of the District's basic services are included here, such as regular and special education, transportation and administration. Property tax and state aid finance most of these activities.
- *Business type activities:* The District charges fees to help cover the costs of certain services it provides. The District's school nutrition program is included here.

Fund Financial Statements

The fund financial statements provide more detailed information about the District's funds, focusing on its most significant or "major" funds - not the District as a whole. Funds are accounting devices the District uses to keep track of specific sources of funding and spending on particular programs. The District has elected to present all funds as "major" for clarity of presentation.

Some funds are required by state law and by bond covenants. The District establishes other funds to control and manage money for particular purposes, such as accounting for student activity funds, or to show that it is properly using certain revenues, such as federal grants.

The District has three kinds of funds:

- 1) *Governmental funds:* Most of the District's basic services are included in governmental funds, which generally focus on (1) how cash and other financial assets can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental fund statements provide a detailed short-term view that helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs.

The District's governmental funds include the General Fund, the Special Revenue Funds, the Debt Service Fund and the Capital Projects Funds.

The required financial statements for governmental funds include a balance sheet and a statement of revenues, expenditures and changes in fund balances.

- 2) *Proprietary funds:* Services for which the District charges a fee are generally reported in proprietary funds. Proprietary funds are reported in the same way as the government-wide financial statements. The District's Enterprise Fund, one type of proprietary fund, is the same as its business type activities but provides more detail and additional information, such as cash flows. The District currently has one Enterprise Fund, the School Nutrition Fund.

The required financial statements for proprietary funds include a statement of net assets, a statement of revenues, expenses and changes in net assets and a statement of cash flows.

3) *Fiduciary funds*: The District is the trustee, or fiduciary, for assets that belong to others. These funds include Private-Purpose Trust Funds.

- Private-Purpose Trust Fund - The District accounts for outside donations for scholarships for individual students in this fund.

The District is responsible for ensuring the assets reported in the fiduciary funds are used only for their intended purposes and by those to whom the assets belong. The District excludes these activities from the government-wide financial statements because it cannot use these assets to finance its operations.

The required financial statements for fiduciary funds include a statement of fiduciary net assets and a statement of changes in fiduciary net assets.

Reconciliations between the government-wide financial statements and the fund financial statements follow the fund financial statements.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Figure A-3 below provides a summary of the District's net assets for the year ended June 30, 2011 compared to the year ending June 30, 2010.

<p align="center">Figure A-3 Condensed Statement of Net Assets (Expressed in Thousands)</p>							
	Governmental Activities		Business Type Activities		Total District		Total Change
	June 30,		June 30,		June 30,		June 30,
	2011	2010	2011	2010	2011	2010	2010-2011
Current assets	\$ 15,880	18,225	103	59	15,983	18,284	-12.58%
Capital assets	9,056	3,529	5	24	9,061	3,553	155.02%
Total assets	<u>24,936</u>	<u>21,754</u>	<u>108</u>	<u>83</u>	<u>25,044</u>	<u>21,837</u>	<u>14.69%</u>
Current liabilities	6,256	4,875	-	-	6,256	4,875	28.33%
Non-current liabilities	10,694	9,356	-	-	10,694	9,356	14.30%
Total liabilities	<u>16,950</u>	<u>14,231</u>	<u>-</u>	<u>-</u>	<u>16,950</u>	<u>14,231</u>	<u>19.11%</u>
Net Assets							
Invested in capital assets, net of related debt	1,092	3,529	5	24	1,097	3,553	-69.12%
Restricted	4,578	1,815	-	-	4,578	1,815	152.23%
Unrestricted	<u>2,316</u>	<u>2,179</u>	<u>103</u>	<u>59</u>	<u>2,419</u>	<u>2,238</u>	<u>8.09%</u>
Total net assets	<u>\$ 7,986</u>	<u>7,523</u>	<u>108</u>	<u>83</u>	<u>8,094</u>	<u>7,606</u>	<u>6.42%</u>

Total net assets increased 6% primarily as a result of increases in the General Funds. The General Fund increased over \$250,000 as a result of salary increases, inadequate allowable growth and a midyear state aid cut. The District continues to collect an income surtax which increased local source revenues.

Restricted assets increased due to an increase in the PPEL Fund. A large part of this was due to additional borrowing to complete the middle school project so this item will decrease significantly in FY12, but will be offset by an increase in capital assets.

Figure A-4 shows the changes in net assets for the year ended June 30, 2011 compared to year ended June 30, 2010.

Figure A-4
Changes in Net Assets
(Expressed in Thousands)

	Governmental Activities		Business Type Activities		Total District		Total Change
	2011	2010	2011	2010	2011	2010	2010-2011
Revenues:							
Program revenues:							
Charges for service and sales	\$ 700	681	250	245	950	926	2.59%
Operating grants, contributions and restricted interest	3,165	3,197	269	235	3,434	3,432	0.06%
General revenues:							
Property tax	4,443	4,029	-	-	4,443	4,029	10.28%
Income surtax	528	1,047	-	-	528	1,047	-49.57%
Statewide sales, services and use tax	899	827	-	-	899	827	8.71%
Unrestricted state grants	4,354	3,413	-	-	4,354	3,413	27.57%
Unrestricted investment earnings	55	52	-	-	55	52	5.77%
Other	83	116	-	-	83	116	-28.45%
Total revenues	<u>14,227</u>	<u>13,362</u>	<u>519</u>	<u>480</u>	<u>14,746</u>	<u>13,842</u>	<u>6.53%</u>
Program expenses:							
Governmental activities:							
Instruction	8,509	8,083	-	-	8,509	8,083	5.27%
Support Services	3,721	3,648	-	-	3,721	3,648	2.00%
Non-instructional programs	-	-	494	466	494	466	6.01%
Other expenses	<u>1,533</u>	<u>1,058</u>	<u>-</u>	<u>-</u>	<u>1,533</u>	<u>1,058</u>	<u>44.90%</u>
Total expenses	<u>13,763</u>	<u>12,789</u>	<u>494</u>	<u>466</u>	<u>14,257</u>	<u>13,255</u>	<u>7.56%</u>
Change in net assets	<u>\$ 464</u>	<u>573</u>	<u>25</u>	<u>14</u>	<u>489</u>	<u>587</u>	<u>-16.70%</u>

Property tax and unrestricted state grants account for 60% of the total revenue. The District's expenses primarily relate to instruction and support services which account for 86% of the total expenses.

Governmental Activities

Revenues for governmental activities were \$14,226,681 and expenses were \$13,762,678 for the year ended June 30, 2011. The District continues to monitor discretionary spending and looking for additional sources of revenue in order to maintain programs.

The following table presents the total and net cost of the District's major governmental activities, instruction, support services, non-instructional programs and other expenses, for the year ended June 30, 2011 compared to the year ended June 30, 2010.

Figure A-5
Total and Net Cost of Governmental Activities
(Expressed in Thousands)

	Total Cost of Services			Net Cost of Services		
	2011	2010	Change 2010-2011	2011	2010	Change 2010-2011
Instruction	\$ 8,509	8,083	5.27%	5,188	4,712	10.10%
Support services	3,721	3,648	2.00%	3,681	3,620	1.69%
Other expenses	<u>1,533</u>	<u>1,058</u>	<u>44.90%</u>	<u>1,029</u>	<u>579</u>	<u>77.72%</u>
Totals	<u>\$ 13,763</u>	<u>12,789</u>	<u>7.62%</u>	<u>9,898</u>	<u>8,911</u>	<u>11.08%</u>

For the year ended June 30, 2011:

- The cost financed by users of the District's programs was \$699,694.
- Federal and state governments subsidized certain programs with grants and contributions totaling \$2,142,106.
- The net cost of governmental activities was financed with \$4,443,218 in property tax and \$4,353,848 in state foundation aid (over \$100,000 short of FY09 levels).

Proprietary-Type Activities

Revenues for the District's School Nutrition Fund were \$519,378 and expenses were \$494,153. The revenues include: charges for services, contributions, and federal and state reimbursements.

Fiduciary Activities

The Trust Funds are funds given and designated by outside groups and people basically to be given as scholarships. These funds are not to be used to support the operations of the District except as specifically allowed. Interest, but not principal, from the Louthan Fund can be used to pay for classroom supplies, but not salaries.

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

The Humboldt Community School District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

The financial performance of the District is reflected in its governmental funds. As the District completed the fiscal year, its governmental funds reported combined fund balances of \$9,317,645, which is much less than last year's ending fund balances of \$12,867,528.

This increase was almost entirely due to constructing a new middle school. This will continue in FY12 as the construction progresses.

Governmental Fund Highlights

- The District has been trying to control its General Fund balance by holding the line on payroll and discretionary spending as well as obtaining outside grants.
- A positive open enrollment balance into the District helps maintain instructional programs with increased funding.
- The District collected almost \$900,000 in statewide sales, services and use tax this fiscal year.
- The District enjoys a 16% solvency ratio. This is an indicator of the financial strength of the District. 10% is a widely accepted figure as being adequate.
- The Capital Projects Fund balances decreased, as construction progress on the new middle school.
- The PPEL Fund increased due to borrowing that will spent on the construction project in future years.

BUDGETARY HIGHLIGHTS

In accordance with the Code of Iowa, the Board of Education annually adopts a budget after the required public notice and hearing. The budget for the current fiscal year is usually amended each April for revenues and expenditures that could not be anticipated the prior April. The budget amending process follows similar statutory procedures.

It is the District's practice, as is in most Iowa school districts, to budget expenditures at or about the maximum authorized spending. As a result, the District's certified budget should always exceed the actual expenditures for the year in total. During the year ended June 30, 2011, expenditures exceeded the amount budgeted in the other expenditures function. The District did not exceed the General Fund unspent authorized budget.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

By the end of fiscal year 2011, the District has invested more than \$9.0 million (net of depreciation) in a broad range of capital assets including school buildings, athletic facilities, kitchens, computers and audio-visual equipment, administration building, transportation/storage facility, maintenance equipment, school buses, and other vehicles, library holdings and textbooks. Total depreciation expense for the year exceeded \$330,000.

Figure A-6
Capital Assets, net of Depreciation
(Expressed in Thousands)

	Governmental Activities		Business Type Activities		Total District		Total Change
	June 30,		June 30,		June 30,		June 30,
	2011	2010	2011	2010	2011	2010	2010-2011
Land	\$ 49	49	-	-	49	49	0.00%
Construction in progress	5,494	-	-	-	5,494	-	100.00%
Land improvements	382	302	-	-	382	302	26.49%
Buildings	2,015	1,559	-	-	2,015	1,559	29.25%
Furniture and equipment	1,116	972	39	24	1,155	996	15.96%
Totals	<u>\$ 9,056</u>	<u>2,882</u>	<u>39</u>	<u>24</u>	<u>9,095</u>	<u>2,906</u>	<u>212.97%</u>

Long-term Debt

The District maintains an early retirement program in an effort to contain costs while maintaining a high quality teaching staff. The District issued \$1.6 million in capital loan notes in fiscal year 2011 for the construction of a middle school. Further details are included in the Notes to the Financial Statements.

Figure A-7
Outstanding Long-Term Obligations
(Expressed in Thousands)

	Total District		Total Change
	June 30,		June 30,
	2011	2011	2010-2011
Revenue bonds	\$ 8,900	9,125	-2.47%
Capital loan notes	1,600	-	100.00%
Net OPEB liability	161	105	100.00%
Early retirement payable	33	126	-73.81%
Totals	\$ 10,694	9,356	14.30%

ECONOMIC FACTORS BEARING ON THE DISTRICT'S FUTURE

At the time these financial statements were prepared and audited, the District was aware of several existing circumstances that could significantly affect its financial health in the future:

- Enrollment will be the primary factor in determining the ability of the district to maintain and expand educational offerings.
- Maintaining a sound General Fund balance from year to year is important in order that the District can be able to take advantage of opportunities, absorb funding cuts, and keep property taxes down.
- Adequate allowable growth must be provided by the Legislature in order to give adequate salary increases plus be able to keep up with changing classroom requirements.
- The District is expanding sharing programs with the Twin Rivers Community School District in instructional areas as well as administrative positions.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide the District's citizens, taxpayers, customers, and creditors with a general overview of the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Greg Darling, Superintendent, Humboldt Community Schools, 1408 9th Avenue North, Humboldt, Iowa 50548.

Basic Financial Statements

HUMBOLDT COMMUNITY SCHOOL DISTRICT

Statement of Net Assets

June 30, 2011

	Governmental Activities	Business Type Activities School Nutrition	Total
Assets			
Cash and pooled investments	\$ 10,196,881	90,717	10,287,598
Receivables:			
Property tax:			
Current year	44,250	-	44,250
Succeeding year	4,704,174	-	4,704,174
Succeeding year income surtax	494,667	-	494,667
Due from other governments	437,002	-	437,002
Other receivables	2,798	-	2,798
Inventories	-	12,513	12,513
Capital assets, net of accumulated depreciation	9,056,385	5,163	9,061,548
Total assets	<u>24,936,157</u>	<u>108,393</u>	<u>25,044,550</u>
Liabilities			
Accounts payable	1,291,288	94	1,291,382
Accrued payroll and benefits	612	-	612
Accrued interest payable	188,670	-	188,670
Deferred revenue:			
Succeeding year property tax	4,704,174	-	4,704,174
Federal programs	71,386	-	71,386
Long term liabilities:			
Portion due within one year:			
Revenue bonds	290,000	-	290,000
Capital loan notes payable	220,000	-	220,000
Early retirement	13,779	-	13,779
Portion due after on year:			
Revenue bonds	8,610,000	-	8,610,000
Capital loan notes payable	1,380,000	-	1,380,000
Net OPEB liability	160,801	-	160,801
Early retirement	18,839	-	18,839
Total liabilities	<u>16,949,549</u>	<u>94</u>	<u>16,949,643</u>
Net assets			
Invested in capital assets, net of related debt	1,092,234	5,163	1,097,397
Restricted for:			
Categorical funding	193,106	-	193,106
Student activities	82,621	-	82,621
Management levy	591,113	-	591,113
School infrastructure	1,268,816	-	1,268,816
Physical plant and equipment levy	2,305,131	-	2,305,131
Debt service	137,155	-	137,155
Unrestricted	2,316,432	103,136	2,419,568
Total net assets	<u>\$ 7,986,608</u>	<u>108,299</u>	<u>8,094,907</u>

See notes to financial statements.

HUMBOLDT COMMUNITY SCHOOL DISTRICT

Statement of Activities

Year ended June 30, 2011

	Program Revenues			Net (Expense) Revenue and Changes in Net Assets		
	Expenses	Charges for Service	Operating Grants, Contributions and Restricted Interest	Governmental Activities	Business Type Activities	Total
Functions/Programs:						
Governmental activities:						
Instruction	\$ 8,509,170	699,694	2,621,716	(5,187,760)	-	(5,187,760)
Support services:						
Student services	239,054	-	-	(239,054)	-	(239,054)
Instructional staff services	618,673	-	-	(618,673)	-	(618,673)
Administration services	1,405,993	-	-	(1,405,993)	-	(1,405,993)
Operation and maintenance of plant services	1,056,539	-	40,021	(1,016,518)	-	(1,016,518)
Transportation services	400,638	-	-	(400,638)	-	(400,638)
	3,720,897	-	40,021	(3,680,876)	-	(3,680,876)
Other expenditures:						
Facilities acquisition and construction	155,511	-	13,381	(142,130)	-	(142,130)
Debt service	574,207	-	-	(574,207)	-	(574,207)
AEA flowthrough	490,306	-	490,306	-	-	-
Depreciation (unallocated) *	312,587	-	-	(312,587)	-	(312,587)
	1,532,611	-	503,687	(1,028,924)	-	(1,028,924)
Total governmental activities	13,762,678	699,694	3,165,424	(9,897,560)	-	(9,897,560)

HUMBOLDT COMMUNITY SCHOOL DISTRICT

Balance Sheet
Governmental Funds

June 30, 2011

	General	Student Activity	Management Levy	Construction Project	Capital Projects				Debt Service	Total
					Statewide Sales, Services and Use Tax	Physical Plant and Equipment Levy				
Assets										
Cash and investments	\$ 2,090,891	82,621	622,316	3,571,200	1,190,014	2,314,014		325,825		10,196,881
Receivables:										
Property tax:										
Current year	38,179	-	2,611	-	-	3,460		-		44,250
Succeeding year	4,282,463	-	50,001	-	-	371,710		-		4,704,174
Succeeding year income surtax	494,667	-	-	-	-	-		-		494,667
Due from other governments	358,200	-	-	-	78,802	-		-		437,002
Other receivables	-	-	768	-	-	2,030		-		2,798
Total assets	\$ 7,264,400	82,621	675,696	3,571,200	1,268,816	2,691,214		325,825		15,879,772

HUMBOLDT COMMUNITY SCHOOL DISTRICT

Balance Sheet
Governmental Funds

June 30, 2011

	Capital Projects							
	General	Student Activity	Management Levy	Construction Project	Statewide Sales, Services and Use Tax	Physical Plant and Equipment Levy	Debt Service	Total
Liabilities and Fund Balances								
Liabilities:								
Accounts payable	\$ 239,600	-	1,964	1,035,351	-	14,373	-	1,291,288
Accrued payroll and benefits	612	-	-	-	-	-	-	612
Deferred revenue:								
Succeeding year property tax	4,282,463	-	50,001	-	-	371,710	-	4,704,174
Succeeding year income surtax	494,667	-	-	-	-	-	-	494,667
Federal programs	71,386	-	-	-	-	-	-	71,386
Total liabilities	5,088,728	-	51,965	1,035,351	-	386,083	-	6,562,127
Fund balances:								
Restricted for:								
Categorical funding	193,106	-	-	-	-	-	-	193,106
Student activities	-	82,621	-	-	-	-	-	82,621
Management levy	-	-	623,731	-	-	-	-	623,731
Construction project	-	-	-	2,535,849	-	-	-	2,535,849
School infrastructure	-	-	-	-	1,268,816	-	-	1,268,816
Physical plant and equipment levy	-	-	-	-	-	2,305,131	-	2,305,131
Debt service	-	-	-	-	-	-	325,825	325,825
Unassigned	1,982,566	-	-	-	-	-	-	1,982,566
Total fund balances	2,175,672	82,621	623,731	2,535,849	1,268,816	2,305,131	325,825	9,317,645
Total liabilities and fund balances	\$ 7,264,400	82,621	675,696	3,571,200	1,268,816	2,691,214	325,825	15,879,772

See notes to financial statements.

HUMBOLDT COMMUNITY SCHOOL DISTRICT

Reconciliation of the Balance Sheet - Governmental Funds
to the Statement of Net Assets

June 30, 2011

Total fund balances of governmental funds (Exhibit C)	\$ 9,317,645
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Amounts reported for governmental activities in the Statement of Net Assets are different because:

Income surtax receivable at June 30, 2011 is not recognized as income until received in the governmental funds, however it is shown as a receivable in the Statement of Net Assets.	494,667
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Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in the governmental funds.	9,056,385
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Accrued interest payable on long-term liabilities is not due and payable in the current period and, therefore, is not reported as a liability in the governmental funds.	(188,670)
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Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the governmental funds.

Early retirement	\$ (32,618)	
Capital lease payable	(1,600,000)	
Revenue bonds	(8,900,000)	
Net OPEB liability	<u>(160,801)</u>	<u>(10,693,419)</u>

Net assets of governmental activities (Exhibit A)	<u>\$ 7,986,608</u>
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HUMBOLDT COMMUNITY SCHOOL DISTRICT

Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds

Year ended June 30, 2011

	Capital Projects						Debt Service	Total
	General	Student Activity	Management Levy	Construction Project	Statewide Sales, Services and Use Tax	Physical Plant and Equipment Levy		
Revenues:								
Local sources:								
Local tax	\$ 4,423,561	-	175,933	-	898,898	358,479	-	5,856,871
Tuition	699,694	-	-	-	-	-	-	699,694
Other	315,251	302,234	17,893	6,406	6,783	22,128	-	670,695
State sources	6,017,759	-	-	-	-	-	-	6,017,759
Federal sources	968,501	-	-	-	-	-	-	968,501
Total revenues	12,424,766	302,234	193,826	6,406	905,681	380,607	-	14,213,520
Expenditures:								
Instruction	8,202,281	311,992	32,503	-	-	-	-	8,546,776
Support services:								
Student services	237,230	-	-	-	1,824	-	-	239,054
Instructional staff services	587,667	-	-	-	61,416	45,170	-	694,253
Administration services	1,197,369	-	74,847	9,653	96,730	27,394	-	1,405,993
Operation and maintenance of plant services	1,059,628	-	56,566	-	-	-	-	1,116,194
Transportation services	398,661	-	6,911	-	-	32,149	-	437,721
	3,480,555	-	138,324	9,653	159,970	104,713	-	3,893,215

HUMBOLDT COMMUNITY SCHOOL DISTRICT

Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds

Year ended June 30, 2011

	Capital Projects						Debt Service	Total
	General	Student Activity	Management Levy	Construction Project	Statewide Sales, Services and Use Tax	Physical Plant and Equipment Levy		
Other expenditures:								
Facilities acquisition and construction	-	-	-	5,494,481	173,372	154,908	-	5,822,761
Debt service:								
Principal	-	-	-	-	-	-	225,000	225,000
Interest	-	-	-	-	-	-	384,787	384,787
Services	-	-	-	-	-	-	750	750
AEA flowthrough	490,306	-	-	-	-	-	-	490,306
	490,306	-	-	5,494,481	173,372	154,908	610,537	6,923,604
Total expenditures	12,173,142	311,992	170,827	5,504,134	333,342	259,621	610,537	19,363,595
Excess (deficiency) of revenues over (under) expenditures	251,624	(9,758)	22,999	(5,497,728)	572,339	120,986	(610,537)	(5,150,075)
Other financing sources (uses):								
Sale of capital loan notes	-	-	-	-	-	1,600,000	-	1,600,000
Premium on sale of capital loan notes	-	-	-	-	-	192	-	192
Operating transfers in	-	-	-	-	-	-	626,854	626,854
Operating transfers out	-	-	-	-	(626,854)	-	-	(626,854)
Total other financial sources (uses)	-	-	-	-	(626,854)	1,600,192	626,854	1,600,192
Net change in fund balances	251,624	(9,758)	22,999	(5,497,728)	(54,515)	1,721,178	16,317	(3,549,883)
Fund balances beginning of year	1,924,048	92,379	600,732	8,033,577	1,323,331	583,953	309,508	12,867,528
Fund balances end of year	\$ 2,175,672	82,621	623,731	2,535,849	1,268,816	2,305,131	325,825	9,317,645

See notes to financial statements.

HUMBOLDT COMMUNITY SCHOOL DISTRICT

Reconciliation of the Statement of Revenues, Expenditures and
Changes in Fund Balances - Governmental Funds
to the Statement of Activities

Year ended June 30, 2011

Net change in fund balances - total governmental funds (Exhibit E) \$ (3,549,883)

**Amounts reported for governmental activities in the Statement of
Activities are different because:**

Income surtaxes not collected for several months after the District's fiscal year ends are not considered "available" revenues in the governmental funds and are included as deferred revenues. They are, however, recorded as revenues in the statement of activities this represents the change in income surtax receivable from the prior year. 12,969

Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures. However, those costs are reported in the Statement of Net Assets and are allocated over their estimated useful lives as depreciation expense in the Statement of Activities. The amounts of capital outlays and depreciation expense in the year are as follows:

Capital outlays	\$ 5,839,568	
Depreciation expense	<u>(312,587)</u>	5,526,981

Interest on long-term debt in the Statement of Activities differs from the amount reported in the governmental funds because interest is recorded as an expenditure in the funds when due. In the Statement of Activities, interest expense is recognized as the interest accrues, regardless of when it is due. (188,670)

Proceeds from issuing long-term liabilities provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the Statement of Net Assets. Repayment of long-term liabilities is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Assets. Current year issues exceeded repayments, as follows:

Issued	(1,600,000)	
Repaid	<u>225,000</u>	<u>(1,375,000)</u>

Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds, as follows:

Other postemployment benefits	(55,849)	
Early retirement	<u>93,455</u>	<u>37,606</u>

Change in net assets of governmental activities (Exhibit B) \$ 464,003

See notes to financial statements.

HUMBOLDT COMMUNITY SCHOOL DISTRICT

Statement of Revenues, Expenses and Changes in Fund Net Assets
Proprietary Fund

Year ended June 30, 2011

	<u>School Nutrition</u>
Operating revenue:	
Local sources:	
Charges for services	\$ 250,636
Operating expenses:	
Non-instructional programs:	
Food service operations:	
Salaries	169,674
Benefits	39,388
Services	4,495
Supplies	262,187
Depreciation	18,409
Total operating expenses	<u>494,153</u>
Operating (loss)	<u>(243,517)</u>
Non-operating revenues:	
State sources	5,071
Federal sources	<u>263,671</u>
Total non-operating revenues	<u>268,742</u>
Change in fund net assets	25,225
Net assets beginning of year	<u>83,074</u>
Net assets end of year	<u>\$ 108,299</u>

HUMBOLDT COMMUNITY SCHOOL DISTRICT

Statement of Cash Flows
Proprietary Funds

Year ended June 30, 2011

	<u>Enterprise</u> <u>School</u> <u>Nutrition</u>
Cash flows from operating activities:	
Cash received from sale of lunches and breakfasts	\$ 250,636
Cash payments to employees for services	(209,062)
Cash payments to suppliers for goods or services	(229,290)
Net cash (used by) operating activities	<u>(187,716)</u>
Cash flows from non-capital financing activities:	
State grants received	5,071
Federal grants received	228,161
Net cash provided by non-capital financing activities	<u>233,232</u>
Net increase in cash and cash equivalents	45,516
Cash and cash equivalents beginning of year	<u>45,201</u>
Cash and cash equivalents end of year	<u><u>\$ 90,717</u></u>
Reconciliation of operating (loss) to net cash (used by) operating activities:	
Operating (loss)	\$ (243,517)
Adjustments to reconcile operating (loss) to net cash (used by) operating activities:	
Depreciation	18,409
Commodities used	35,510
(Increase) in inventory	2,000
(Decrease) in accounts payable	(118)
	<u><u>\$ (187,716)</u></u>

Non-cash investing, capital and financing activities:

During the year ended June 30, 2011, the District received federal commodities valued at \$35,510.

HUMBOLDT COMMUNITY SCHOOL DISTRICT

Statement of Fiduciary Net Assets
Fiduciary Funds

Year ended June 30, 2011

	Private Purpose Trusts
	<u> </u>
Assets	
Cash and pooled investments	\$ 2,498,756
Other receivables	<u>7,185</u>
Total assets	<u>2,505,941</u>
Liabilities	
Accounts payable	<u>4,775</u>
Net Assets	
Reserved for general education	1,624,680
Reserved for scholarships	<u>876,486</u>
Total net assets	<u>\$ 2,501,166</u>

See notes to financial statements.

HUMBOLDT COMMUNITY SCHOOL DISTRICT

Statement of Changes in Fiduciary Net Assets
Fiduciary Funds

Year ended June 30, 2011

	<u>Private Purpose Trusts</u>
Additions:	
Local sources:	
Interest on investments	\$ 81,360
Contributions	<u>327,550</u>
Total additions	<u>408,910</u>
Deductions:	
Support services:	
Other	<u>48,496</u>
Total deductions	<u>48,496</u>
Change in net assets	360,414
Net assets beginning of year	<u>2,140,752</u>
Net assets end of year	<u><u>\$2,501,166</u></u>

See notes to financial statements.

HUMBOLDT COMMUNITY SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2011

(1) Summary of Significant Accounting Policies

Humboldt Community School District is a political subdivision of the State of Iowa and operates public schools for children in grades kindergarten through twelve and special education pre-kindergarten. The geographic area served includes the Cities of Humboldt and Dakota City, Iowa, and agricultural territory in Humboldt, Webster and Wright Counties. The District is governed by a Board of Education whose members are elected on a non-partisan basis.

The District's financial statements are prepared in conformity with U.S. generally accepted accounting principles as prescribed by the Governmental Accounting Standards Board.

A. Reporting Entity

For financial reporting purposes, Humboldt Community School District has included all funds, organizations, agencies, boards, commissions and authorities. The District has also considered all potential component units for which it is financially accountable, and other organizations for which the nature and significance of their relationship with the District are such that exclusion would cause the District's financial statements to be misleading or incomplete. The Governmental Accounting Standards Board has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body, and (1) the ability of the District to impose its will on that organization or (2) the potential for the organization to provide specific benefits to or impose specific financial burdens on the District. Humboldt Community School District has no component units which meet the Governmental Accounting Standards Board criteria.

Jointly Governed Organizations - The District participates in a jointly governed organization that provides services to the District but does not meet the criteria of a joint venture since there is no ongoing financial interest or responsibility by the participating governments. The District is a member of the Humboldt County Assessor's Conference Board.

B. Basis of Presentation

Government-wide Financial Statements - The Statement of Net Assets and the Statement of Activities report information on all of the nonfiduciary activities of the District. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by tax and intergovernmental revenues, are reported separately from business type activities, which rely to a significant extent on fees and charges for service.

The Statement of Net Assets presents the District's nonfiduciary assets and liabilities, with the difference reported as net assets. Net assets are reported in three categories:

Invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation and reduced by outstanding balances for bonds, notes and other debt attributable to the acquisition, construction or improvement of those assets.

Restricted net assets result when constraints placed on net asset use are either externally imposed or imposed by law through constitutional provisions or enabling legislation.

Unrestricted net assets consist of net assets not meeting the definition of the preceding categories. Unrestricted net assets often have constraints on resources imposed by management which can be removed or modified.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those clearly identifiable with a specific function. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function and 2) grants, contributions and interest restricted to meeting the operational or capital requirements of a particular function. Property tax and other items not properly included among program revenues are reported instead as general revenues.

Fund Financial Statements - Separate financial statements are provided for governmental, proprietary, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements. The District has elected to present all funds as major funds for clarity of presentation.

The District reports the following major governmental funds:

The General Fund is the general operating fund of the District. All general tax revenues and other revenues not allocated by law or contractual agreement to some other fund are accounted for in this fund. From the fund are paid the general operating expenditures, including instructional, support and other costs.

The Capital Projects Fund, Physical Plant and Equipment Levy Fund is utilized to account for the maintenance and equipping of the District's facilities.

The Management Levy Fund is utilized for the payment of insurance, unemployment and early retirement benefits.

The Student Activity Fund is used to account for extra curricular activities conducted on behalf of the students.

The Debt Service Fund is utilized to account for the payment of interest and principal on the District's general long-term debt.

The Capital Projects Fund, Statewide Sales, Service and Use Tax and Construction Project are used to account for all resources used in the acquisition and construction of capital facilities.

The District reports the following major proprietary fund:

The District's proprietary fund is the Enterprise, School Nutrition Fund. The School Nutrition Fund is used to account for the food service operations of the District.

The District also reports fiduciary funds which focus on net assets and changes in net assets. The District's fiduciary funds include the following:

The Private Purpose Trust Fund is used to account for assets held by the District under trust agreements which require income earned to be used to benefit individuals through scholarship awards.

C. Measurement Focus and Basis of Accounting

The government-wide, proprietary and the fiduciary fund financial statements are reported using the economic resources measurement focus. The government-wide and proprietary fund financial statements are reported using the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property tax is recognized as revenue in the year for which it is levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been satisfied.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days after year end.

Property tax, intergovernmental revenues (shared revenues, grants and reimbursements from other governments) and interest associated with the current fiscal period are all considered to be susceptible to accrual. All other revenue items are considered to be measurable and available only when cash is received by the District.

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, principal and interest on long-term debt, claims and judgments and compensated absences are recognized as expenditures only when payment is due. Capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

Under the terms of grant agreements, the District funds certain programs by a combination of specific cost-reimbursement grants and general revenues. Thus, when program expenses are incurred, there are both restricted and unrestricted net assets available to finance the program. It is the District's policy to first apply cost-reimbursement grant resources to such programs and then general revenues.

When an expenditure is incurred in governmental funds which can be paid using either restricted or unrestricted resources, the District's policy is generally to first apply the expenditure toward restricted fund balance and then to less-restrictive classifications - committed, assigned and then unassigned fund balances.

The proprietary fund of the District applies all applicable GASB pronouncements, as well as the following pronouncements issued on or before November 30, 1989, unless these pronouncements conflict with or contradict GASB pronouncements: Financial Accounting Standards Board Statements and Interpretations, Accounting Principles Board Opinions, and Accounting Research Bulletins of the Committee on Accounting Procedure.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the District's Enterprise Fund is charges to customers for sales and services. Operating expenses for Enterprise Funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

The District maintains its financial records on the cash basis. The financial statements of the District are prepared by making memorandum adjusting entries to the cash basis financial records.

D. Assets, Liabilities and Fund Balance

The following accounting policies are followed in preparing the financial statements:

Cash, Investments and Cash Equivalents - The cash balances of most District funds are pooled and invested. Investments are stated at fair value except for non-negotiable certificates of deposit which are stated at cost.

For purposes of the statement of cash flows, all short-term cash investments that are highly liquid are considered to be cash equivalents. Cash equivalents are readily convertible to known amounts of cash and, at the day of purchase, they have a maturity date no longer than three months.

Property Tax Receivable - Property tax in governmental funds are accounted for using the modified accrual basis of accounting.

Property tax receivable is recognized in these funds on the levy or lien date, which is the date that the tax asking is certified by the Board of Education. Current property tax receivable represents unpaid taxes for the current and prior years. The succeeding year property tax receivable represents taxes certified by the Board of Education to be collected in the next fiscal year for the purposes set out in the budget for the next fiscal year. By statute, the District is required to certify its budget in April of each year for the subsequent fiscal year. However, by statute, the tax asking and budget certification for the following fiscal year becomes effective on the first day of that year. Although the succeeding year property tax receivable has been recorded, the related revenue is deferred in both the government-wide and fund financial statements and will not be recognized as revenue until the year for which it is levied.

Property tax revenue recognized in these funds become due and collectible in September and March of the fiscal year with a 1½% per month penalty for delinquent payments; is based on January 1, 2009 assessed property valuations; is for the tax accrual period July 1, 2010 through June 30, 2011 and reflects the tax asking contained in the budget certified to the County Board of Supervisors in April 2010.

Due From Other Governments - Due from other governments represents amounts due from the State of Iowa, various shared revenues, grants and reimbursements from other governments.

Inventories - Inventories are valued at cost using the first-in, first-out method for purchased items and government commodities. Inventories of proprietary funds are recorded as recorded as expenses when consumed rather than when purchased or received.

Capital Assets - Capital assets, which include property, furniture and equipment and intangibles are reported in the applicable governmental or business type activities columns in the government-wide Statement of Net Assets. Capital assets are recorded at historical cost. Donated capital assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and repair that do not add to the value of the asset or materially extend asset lives are not capitalized. Capital assets are defined by the District as assets with an initial, individual cost in excess of the following thresholds and estimated useful lives in excess of two years. The District had no intangible assets meeting the threshold for capitalization.

<u>Asset Class</u>	<u>Amount</u>
Land	\$ 2,000
Buildings	10,000
Improvements other than buildings	10,000
Intangibles	75,000
Furniture and equipment:	
School Nutrition Fund equipment	1,000
Other furniture and equipment	1,000

Capital assets are depreciated using the straight-line method over the following estimated useful lives:

<u>Asset Class</u>	<u>Estimated Useful Lives (In Years)</u>
Buildings	50 years
Improvements other than buildings	20-50 years
Intangibles	5-10 years
Furniture and equipment	5-15 years

Salaries and Benefits Payable - Payroll and related expenditures for teachers with annual contracts corresponding to the current school year, which are payable in July, have been accrued as liabilities.

Deferred Revenue - Although certain revenues are measurable, they are not available. Available means collected within the current year or expected to be collected soon enough thereafter to be used to pay liabilities of the current year. Deferred revenue in the governmental fund financial statements represents the amount of assets that have been recognized, but the related revenue has not been recognized since the assets are not collected within the current year or expected to be collected soon enough thereafter to be used to pay liabilities of the current year. Deferred revenue consists of unspent grant proceeds as well as property tax receivables and other receivables not collected within sixty days after year-end.

Deferred revenue in the Statement of Net Assets consists of succeeding year property tax receivable that will not be recognized as revenue until the year for which it is levied as well as unspent grant proceeds.

Compensated Absences - District employees accumulate a limited amount of earned but unused vacation for subsequent use or for payment upon termination, death or retirement. A liability is recorded when incurred in the government-wide financial statements. A liability for these amounts is reported in governmental fund financial statements only for employees who have resigned or retired. The compensated absences liability is deemed to be immaterial at June 30, 2011.

Long-Term Liabilities - In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the governmental activities column in the Statement of Net Assets.

Fund Equity - In the governmental fund financial statements, fund balances are classified as follows:

Restricted - Amounts restricted to specific purposes when constraints placed on the use of the resources are either externally imposed by creditors, grantors or state or federal laws or imposed by law through constitutional provisions or enabling legislation.

Unassigned - All amounts not included in other spendable classifications.

Restricted Net Assets - In the government-wide Statement of Net Assets, net assets are reported as restricted when constraints placed on net asset use are either externally imposed by creditors, grantors, contributors or laws and regulations of other governments or are imposed by law through constitutional provisions or enabling legislation.

E. Budgets and Budgetary Accounting

The budgetary comparison and related disclosures are reported as Required Supplementary Information. During the year ended June 30, 2011, expenditures exceeded the amount budgeted in the other expenditures function. The District did not exceed the General Fund unspent authorized budget.

(2) Cash and Investments

The District's deposits at June 30, 2011 were entirely covered by federal depository insurance or by the State Sinking Fund in accordance with Chapter 12C of the Code of Iowa. This chapter provides for additional assessments against the depositories to insure there will be no loss of public funds.

The District is authorized by statute to invest public funds in obligations of the United States government, its agencies and instrumentalities; certificates of deposit or other evidences of deposit at federally insured depository institutions approved by the Board of Education and the Treasurer of the State of Iowa; prime eligible bankers acceptances; certain high rated commercial paper; perfected repurchase agreements; certain registered open-end management investment companies; certain joint investment trusts; and warrants or improvement certificates of a drainage district.

The District had no investments at June 30, 2011.

(3) Capital Assets

Capital assets activity for the year ended June 30, 2011 is as follows:

	Balance Beginning of Year	Increases	Decreases	Balance End of Year
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 49,250	-	-	49,250
Construction in progress	-	5,494,480	-	5,494,480
	<u>49,250</u>	<u>5,494,480</u>	<u>-</u>	<u>5,543,730</u>
Capital assets being depreciated:				
Land Improvements	1,214,580	38,849	-	1,253,429
Buildings	5,081,223	133,921	-	5,215,144
Furniture and Equipment	<u>2,817,704</u>	<u>172,318</u>	<u>-</u>	<u>2,990,022</u>
Total capital assets being depreciated	<u>9,113,507</u>	<u>345,088</u>	<u>-</u>	<u>9,458,595</u>
Less accumulated depreciation for:				
Land Improvements	842,802	28,734	-	871,536
Buildings	3,098,788	101,651	-	3,200,439
Furniture and Equipment	<u>1,691,763</u>	<u>182,202</u>	<u>-</u>	<u>1,873,965</u>
Total accumulated depreciation	<u>5,633,353</u>	<u>312,587</u>	<u>-</u>	<u>5,945,940</u>
Total capital assets being depreciated, net	<u>3,480,154</u>	<u>32,501</u>	<u>-</u>	<u>3,512,655</u>
Governmental activities, capital assets, net	<u>\$ 3,529,404</u>	<u>5,526,981</u>	<u>-</u>	<u>9,056,385</u>
Business type activities				
Furniture and Equipment	\$ 125,305	-	-	125,305
Less accumulated depreciation	<u>101,733</u>	<u>18,409</u>	<u>-</u>	<u>120,142</u>
Business type activities capital assets, net	<u>\$ 23,572</u>	<u>(18,409)</u>	<u>-</u>	<u>5,163</u>

Depreciation expense was charged to the following functions:

Governmental activities:	
Unallocated	<u>\$ 312,587</u>
Business type activities:	
Food service operations	<u>\$ 18,409</u>

(4) Changes in Long-Term Debt

A summary of changes in long-term debt for the year ended June 30, 2011 is as follows:

	Balance Beginning Year	Additions	Reductions	Balance End of Year	Due Within One Year
Capital Loan Notes	\$ -	1,600,000	-	1,600,000	220,000
Net OPEB Liability	104,952	55,849	-	160,801	-
Early Retirement	126,073	-	93,455	32,618	13,779
Revenue Bonds	<u>9,125,000</u>	<u>-</u>	<u>255,000</u>	<u>8,900,000</u>	<u>290,000</u>
Total	<u>\$9,356,025</u>	<u>1,655,849</u>	<u>318,455</u>	<u>10,693,419</u>	<u>523,779</u>

Revenue Bonds Payable

In December 2009, the District issued revenue bonds for construction of a new middle school building. The revenue bonds will be repaid using statewide sales, services and use tax collected in the Capital Projects Fund. Current year collections of \$826,758 are more than sufficient to cover the annual payment of approximately \$660,000. Details of the District June 30, 2011 revenue bond indebtedness are as follows:

<u>Year Ending June 30,</u>	<u>Bond Issue of December 23, 2009</u>			
	<u>Rates</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2012	3.00%	\$ 290,000	369,673	659,673
2013	3.25	300,000	360,972	660,972
2014	3.25	360,000	351,223	711,223
2015	3.50	370,000	339,522	709,522
2016	3.50	385,000	326,573	711,573
2017-2021	3.50-4.00	2,120,000	1,413,702	3,533,702
2022-2026	4.10-4.50	2,580,000	950,488	3,530,488
2027-2030	4.65-5.00	2,495,000	312,183	2,807,182
Total		<u>\$8,900,000</u>	<u>4,424,335</u>	<u>13,324,335</u>

The District has pledged future statewide sales, services and use tax revenues to repay the \$9,125,000 bonds issued in December 2009. The bonds were issued for the purpose of financing a portion of the costs of constructing a new middle school building. The bonds are payable solely from the proceeds of the statewide sales, services and use tax revenues received by the District and are payable through 2030. The bonds are not a general obligation of the District. However, the debt is subject to the constitutional debt limitation of the District. Annual principal and interest payments on the bonds are expected to require approximately 80 percent of the statewide sales, services and use tax revenues. The total principal and interest remaining to be paid on the notes is \$13,324,335. For the current year \$609,787 of principal and interest was paid on the bonds and total statewide sales, services and use tax revenues were \$898,898.

The resolution providing for the issuance of the statewide sales, services and use tax revenue bonds includes the following provisions:

- a) \$711,573 of the proceeds from the issuance of the revenue bonds are deposited in a reserve account to be used solely for the purpose of paying principal and interest on the bonds if insufficient money is available in the sinking account. The balance of the proceeds shall be deposited to the project account.
- b) All proceeds from the statewide sales, services and use tax shall be placed in a revenue account.
- c) Monies in the revenue account shall be disbursed to make deposits into a sinking account to pay the principal and interest requirements of the revenue bonds for the fiscal year.
- d) Any monies remaining in the revenue account after the required transfer to the sinking account may be transferred to the project account to be used for any lawful purpose.

The District has complied with all of the revenue bond provisions during the year ended June 30, 2011.

Capital Loan Notes

In April 2011, the District issued \$1,600,000 of Capital Loan Notes to complete the construction of a middle school building. Revenues of the Physical Plant and Equipment Levy will be used to repay the debt.

Year Ending June 30,	Bond Issue of May 1, 2011			
	Rates	Interest	Principal	Total
2012	0.50%	\$ 23,003	220,000	243,003
2013	0.75	21,902	225,000	246,902
2014	1.10	20,215	225,000	245,215
2015	1.45	17,740	225,000	242,740
2016	1.80	14,478	230,000	244,478
2017	2.05	10,337	235,000	245,337
2018	2.30	5,520	240,000	245,520
Total		<u>\$113,195</u>	<u>1,600,000</u>	<u>1,713,195</u>

(5) Pension and Retirement Benefits

The District contributes to the Iowa Public Employees Retirement System (IPERS) which is a cost-sharing multiple-employer defined benefit pension plan administered by the State of Iowa. IPERS provides retirement and death benefits which are established by State statute to plan members and beneficiaries. IPERS issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by writing to IPERS, PO Box 9117, Des Moines, Iowa, 50306-9117.

Plan members are required to contribute 4.50% of their annual salary and the District is required to contribute 6.95% of annual covered salary. Contribution requirements are established by state statute. The District's contribution to IPERS for the years ended June 30, 2011, 2010, and 2009 were \$488,288, \$430,137, and \$421,604 respectively, equal to the required contributions for each year.

(6) Risk Management

Humboldt Community School District is exposed to various risks of loss related to torts; theft; damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. These risks are covered by the purchase of commercial insurance. Settled claims from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

(7) Area Education Agency

The District is required by the Code of Iowa to budget for its share of special education support, media and educational services provided through the Area Education Agency. The District's actual amount for this purpose totaled \$490,306 for year ended June 30, 2011 and is recorded in the General Fund by making a memorandum adjusting entry to the cash basis financial statements.

(8) Early Retirement

The District offers a voluntary early retirement plan to its certified employees. Eligible employees must be at least age fifty-five and employees must have completed fifteen years of continuous service to the District. Employees must complete an application which is required to be approved by the Board of Education. Early retirement benefits paid during the year ended June 30, 2011 totaled \$93,455.

(9) Interfund Transfers

The detail of Interfund transfers for the year ended June 30, 2011 is as follows:

<u>Transfer to</u>	<u>Transfer from</u>	<u>Amount</u>
Debt Service	Capital Projects, Statewide Sales, Services and Use Tax	<u>\$626,854</u>

Transfers generally move revenues from the fund statutorily required to collect the resources to the fund statutorily required to expend the resources.

(10) Other Postemployment Benefits (OPEB)

The District implemented GASB Statement No. 45, Accounting and Financial Reporting by Employers for Postemployment Benefits other Than Pensions during the year ended June 30, 2011.

Plan Description - The District operates a single-employer retiree benefit plan which provides medical benefits for retirees and their spouses. There are 121 active and 35 retired members in the plan. Participants must be age 55 or older at retirement. 10 active participants have declined the current plan coverage. All are included in this valuation.

The medical coverage is provided through a fully-insured plan with Wellmark. Retirees under age 65 pay the same premium for the medical benefit as active employees, which result in an implicit subsidy and an OPEB liability.

Funding Policy - The contribution requirements of plan members are established and may be amended by the District. The District currently finances the retiree benefits plan on a pay-as-you-go basis.

Annual OPEB Cost and Net OPEB Obligation - The District's annual OPEB cost is calculated based on the annual required contribution (ARC) of the District, an amount actuarially determined in accordance with GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities over a period not to exceed 30 years.

The following table shows the components of the District's annual OPEB cost for the year ended June 30, 2011, the amount actually contributed to the plan and changes in the District's net OPEB obligation:

Annual required contribution	\$ 56,481
Interest on net OPEB Obligation	5,248
Adjustment to annual required contribution	<u>(5,880)</u>
Annual OPEB Cost	55,849
Contributions made	-
Increase in net OPEB obligation	<u>55,849</u>
Net OPEB obligation beginning of year	<u>104,952</u>
Net OPEB obligation end of year	<u>\$160,801</u>

For calculation of the net OPEB obligation, the actuary has set the transition day as July 1, 2008. The end of the year net OPEB obligation was calculated by the actuary as the cumulative difference between the actuarially determined funding requirements and the actual contributions for the year ended June 30, 2011.

The District's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan and the net OPEB obligation as of June 30, 2011 are summarized as follows:

<u>Year Ended</u>	<u>Annual OPEB Cost</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
June 30, 2009	\$48,471	0.00%	\$ 48,471
June 30, 2010	\$56,481	0.00%	\$104,952
June 30, 2011	\$55,849	0.00%	\$160,801

Funded Status and Funding Progress - As of July 1, 2008, the most recent actuarial valuation date for the period July 1, 2010 through June 30, 2011, the actuarial accrued liability was \$928,028, with no actuarial value of assets, resulting in an unfunded actuarial accrued liability (UAAL) of \$928,028. The covered payroll (annual payroll of active employees covered by the plan) was approximately \$7,270,000 and the ratio of the UAAL to covered payroll was 12.8%. As of June 30, 2011, there were no trust fund assets.

Actuarial Methods and Assumptions - Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality and the health care cost trend. Actuarially determined amounts are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The Schedule of Funding Progress, presented as Required Supplementary Information, in the section following the Notes to Financial Statements, will present multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Projections of benefits for financial reporting purposes are based on the plan as understood by the employer and the plan members and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

As of the July 1, 2008 actuarial valuation date, the frozen entry age actuarial cost method was used. The actuarial assumptions include a 5% discount rate based on the District's funding policy. The projected annual medical trend rate is 6%.

Mortality rates are from the 94 Group Annuity Mortality Table, applied on a gender-specific basis. Annual retirement and termination probabilities were developed from information provided by the District.

The AAUL is being amortized as a level percentage of projected payroll expense on an open basis over 30 years.

(11) Commitment

In June 2010, the District issued \$9,125,000 of revenue bonds for constructing a middle school to be attached to the existing high school building. In April 2011, the District sold \$1,600,000 of capital loan notes to complete the project. As of June 30, 2011, contracts totaling \$10,058,562 had been signed. \$5,494,480 of costs had been incurred and are included in construction in progress in Note 3. The balance of \$4,564,082 will be paid as work on the project progresses.

The revenue bonds will be paid from proceeds of the Statewide Sales, Services and Use Tax. The capital loan notes will be repaid from Physical Plant and Equipment Tax Revenues.

(12) Accounting Change/Restatement

Governmental Accounting Standards Board Statement No. 54, Fund Balance Reporting and Governmental Fund Type Definitions, was implemented during the year ended June 30, 2011. The effect of fund type reclassifications is as follows:

	<u>Capital Projects, Physical Plant and Equipment Levy</u>	<u>Special Revenue, Physical Plant and Equipment Levy</u>
Balances June 30, 2010, as previously reported	\$ -	583,953
Change in fund type classification per implementation of GASB Statement No. 54	<u>583,953</u>	<u>(583,953)</u>
Balances July 1, 2010, as restated	<u>\$583,953</u>	<u>-</u>

The District elected to separate Fund 31, Capital Projects, Construction Project and Fund 33 Capital Projects, Statewide Sales, Services and Use Tax for clarity of presentation of an ongoing fund (Sales Tax) and a fund that will terminate at the end of the construction project described in Note 11.

	<u>Capital Projects</u>		
	<u>School Infrastructure</u>	<u>Construction Project</u>	<u>Combined</u>
Balances June 30, 2010, as previously reported	\$ -	-	9,356,908
Breakdown between two funds	<u>1,323,331</u>	<u>8,033,577</u>	<u>(9,356,908)</u>
Balances July 1, 2010, as restated	<u>\$1,323,331</u>	<u>8,033,577</u>	<u>-</u>

(13) Sharing Agreement

The District entered into a one way sharing agreement for grades 6-12 with the Twin Rivers Community School District effective July 1, 2011. Students from Twin Rivers Community School District in these grades will be attending Humboldt.

Required Supplementary Information

HUMBOLDT COMMUNITY SCHOOL DISTRICT

Budgetary Comparison Schedule of Revenues, Expenditures/Expenses and Changes in Balances -
Budget and Actual - All Governmental Funds and Proprietary Fund

Required Supplementary Information

Year ended June 30, 2011

	Governmental Fund Types	Proprietary Fund Type	Total Actual	Budgeted Amounts	Final to Actual Variance
	Actual	Actual		Original	Final
Revenues					
Local sources	\$ 7,227,260	250,636	7,477,896	7,273,501	7,273,501
State sources	6,017,759	5,071	6,022,830	6,587,159	6,587,159
Federal sources	968,501	263,671	1,232,172	911,996	911,996
Total revenues	14,213,520	519,378	14,732,898	14,772,656	14,772,656
Expenditures/Expenses					
Instruction	8,546,776	-	8,546,776	9,911,859	9,911,859
Support services	3,893,215	-	3,893,215	4,163,171	4,163,171
Non-instructional programs	-	494,153	494,153	510,000	510,000
Other expenditures	6,923,604	-	6,923,604	2,218,149	2,218,149
Total expenditures/expenses	19,363,595	494,153	19,857,748	16,803,179	16,803,179
Excess of revenues over expenditures/expenses	(5,150,075)	25,225	(5,124,850)	(2,030,523)	(2,030,523)
Other financing sources (uses)	1,600,192	-	1,600,192	-	-
Excess (deficiency) of revenues and other financing sources over (under) expenditures/expenses and other financing uses	(3,549,883)	25,225	(3,524,658)	(2,030,523)	(2,030,523)
Balance beginning of year	12,867,528	83,074	12,950,602	4,117,248	4,117,248
Balance end of year	\$ 9,317,645	108,299	9,425,944	2,086,725	2,086,725

See accompanying independent auditor's report.

HUMBOLDT COMMUNITY SCHOOL DISTRICT

Note to Required Supplementary Information - Budgetary Reporting

Year ended June 30, 2011

This budgetary comparison is presented as Required Supplementary Information in accordance with Governmental Accounting Standard Board Statement No. 41 for governments with significant budgetary perspective differences resulting from not being able to present budgetary comparisons for the General Fund and each major Special Revenue Fund.

In accordance with the Code of Iowa, the Board of Education annually adopts a budget following required public notice and hearing for all funds except Private Purpose Trust and Agency Funds. The budget may be amended during the year utilizing similar statutorily prescribed procedures.

Formal and legal budgetary control for the certified budget is based upon four major classes of expenditures known as functions, not by fund or fund type. These four functions are instruction, support services, non-instructional programs and other expenditures. Although the budget document presents function expenditures or expenses by fund, the legal level of control is at the aggregated functional level, not by fund. The Code of Iowa also provides that District expenditures in the General Fund may not exceed the amount authorized by the school finance formula.

During the year ended June 30, 2011, expenditures exceeded the amount budgeted in the other expenditures function. The District did not exceed the General Fund unspent authorized budget.

HUMBOLDT COMMUNITY SCHOOL DISTRICT

Schedule of Funding Progress for the
Retiree Health Plan
(In Thousands)

Required Supplementary Information

Year Ended June 30,	Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
2009	Jul 1, 2008	\$0	\$928	\$928	0.0%	\$6,713	13.8%
2010	Jul 1, 2008	\$0	\$928	\$928	0.0%	\$6,990	13.3%
2011	Jul 1, 2008	\$0	\$928	\$928	0.0%	\$7,270	12.8%

See Note 10 in the accompanying Notes to Financial Statements for the plan description, funding policy, annual OPEB Cost and Net OPEB Obligation, funded status and funding progress.

Other Supplementary Information

HUMBOLDT COMMUNITY SCHOOL DISTRICT

Schedule of Changes in Individual Student Activity Accounts

Year ended June 30, 2011

Account	Balance Beginning of Year	Revenues	Expenditures	Balance End of Year
Cross Country	\$ -	2,527	2,502	25
Boys Basketball	21,894	20,702	21,815	20,781
Football	-	23,202	22,751	451
Baseball	-	6,903	6,903	-
Boys Track	286	7,584	7,870	-
Boys Golf	-	1,176	1,176	-
Wrestling	-	11,285	10,902	383
Girls Basketball	8,104	5,785	8,911	4,978
Volleyball	444	8,611	7,707	1,348
Softball	-	11,102	11,102	-
Girls Track	782	6,359	7,141	-
Girls Golf	-	2,206	2,206	-
Soccer	-	4,775	4,775	-
Olympics	82	-	-	82
Spanish Club	323	439	493	269
Drama	4,300	11,573	8,819	7,054
Cheerleaders	-	2,863	2,044	819
Graphic Arts	573	-	-	573
Student Senate	5,215	3,656	2,510	6,361
Student Senate special	250	-	-	250
FFA	5,239	14,000	12,785	6,454
MS Cheerleading	528	-	85	443
Drill Team	5,538	13,525	12,453	6,610
Class of 2013	1,112	-	-	1,112
Class of 2014	-	3,764	1,804	1,960
Class of 2012	682	-	682	-
Class of 2011	2,259	-	2,259	-
Prom	-	4,909	4,909	-
Administration	22	118	112	28
High School	6,411	1,457	2,304	5,564
Middle School	2,243	4,742	5,603	1,382
Taft	1,327	8,954	9,022	1,259
Mease	3,356	4,128	6,555	929
Secondary Academic Boosters	3,501	1,039	2,576	1,964
Elementary Art	20	-	-	20
Elementary PE	12	-	-	12
High School Art	24	-	-	24
Elementary Special	32	-	-	32
Elementary Academic Boosters	2,313	2,503	650	4,166
Taft Character Counts	1,555	-	18	1,537
Vocal HS	1,936	2,572	2,422	2,086
Vocal MS	2,200	1,101	1,108	2,193
Vocal Elementary	498	883	855	526

HUMBOLDT COMMUNITY SCHOOL DISTRICT

Schedule of Changes in Individual Student Activity Accounts

Year ended June 30, 2011

Account	Balance Beginning of Year	Revenues	Expenditures	Balance End of Year
Band HS	-	6,345	6,345	-
Band MS	2,206	5,438	3,431	4,213
Band Elementary	977	937	515	1,399
Band Resale HS	-	5,430	5,430	-
Band Uniforms	3,478	1,110	2,604	1,984
Nokomis Reserve	6,565	67	773	5,859
Nokomis 2010	4,162	3,240	7,402	-
Nokomis 2011	-	25,749	24,008	1,741
Rockets - 6th Grade	553	-	-	553
Concessions	10	-	-	10
Memorials - MS	-	53	-	53
Concessions - MS	369	-	12	357
Student Activity	(10,999)	59,094	65,315	(17,220)
Track Project	1,997	-	-	1,997
Checking Interest	-	328	328	-
Totals	92,379	302,234	311,992	82,621

See accompanying independent auditor's report.

HUMBOLDT COMMUNITY SCHOOL DISTRICT

Combining Balance Sheet
Private Purpose Trusts

Year ended June 30, 2011

	Clyde R. & Nira Mease Scholarship	Dan Rusher Memorial	Bertha Peterson Scholarship	Michael H. Baker Scholarship	Harry Reasoner Educational Trust	Joe & Edith Reasoner Educational Trust	Cramlet/ Schnoor Scholarship	Esther Hansen Scholarship
Assets								
Cash and pooled investments	\$ 6,218	7,555	7,768	10,046	3,284	11,702	82,428	10,717
Other receivables	-	-	-	-	-	-	-	-
	<u>\$ 6,218</u>	<u>7,555</u>	<u>7,768</u>	<u>10,046</u>	<u>3,284</u>	<u>11,702</u>	<u>82,428</u>	<u>10,717</u>
Liabilities and Fund Balance								
Current liabilities:								
Accounts payable	\$ -	-	-	-	-	-	-	-
Fund balance:								
Reserved for general education	-	-	-	-	-	-	-	-
Reserved for scholarships	6,218	7,555	7,768	10,046	3,284	11,702	82,428	10,717
	<u>6,218</u>	<u>7,555</u>	<u>7,768</u>	<u>10,046</u>	<u>3,284</u>	<u>11,702</u>	<u>82,428</u>	<u>10,717</u>
	<u>\$ 6,218</u>	<u>7,555</u>	<u>7,768</u>	<u>10,046</u>	<u>3,284</u>	<u>11,702</u>	<u>82,428</u>	<u>10,717</u>

HUMBOLDT COMMUNITY SCHOOL DISTRICT

Combining Balance Sheet
Private Purpose Trusts

Year ended June 30, 2011

Assets								
	Anderson Scholarship	Klasse Scholarship	Griffin Scholarship	Castle Theater Scholarship	Howard G. & Ruth A. Louthen Trust	Bette L. Newton Scholarship	Rogness Scholarship	Totals
Cash and pooled investments	\$ 10,899	20,835	678,661	\$ 9,677	1,622,270	8,405	8,291	2,498,756
Other receivables	-	-	-	-	7,185	-	-	7,185
	<u>\$ 10,899</u>	<u>20,835</u>	<u>678,661</u>	<u>\$ 9,677</u>	<u>1,629,455</u>	<u>8,405</u>	<u>8,291</u>	<u>2,505,941</u>
Liabilities and Fund Balance								
Current liabilities:								
Accounts payable	\$ -	-	-	\$ -	4,775	-	-	4,775
Fund balance:								
Reserved for general education	-	-	-	-	1,624,680	-	-	1,624,680
Reserved for scholarships	10,899	20,835	678,661	9,677	-	8,405	8,291	876,486
	<u>10,899</u>	<u>20,835</u>	<u>678,661</u>	<u>9,677</u>	<u>1,624,680</u>	<u>8,405</u>	<u>8,291</u>	<u>2,501,166</u>
	<u>\$ 10,899</u>	<u>20,835</u>	<u>678,661</u>	<u>\$ 9,677</u>	<u>1,629,455</u>	<u>8,405</u>	<u>8,291</u>	<u>2,505,941</u>

See accompanying independent auditor's report.

HUMBOLDT COMMUNITY SCHOOL DISTRICT

Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Private Purpose Trusts

Year ended June 30, 2011

		Clyde R. & Nira Mease Scholarship	Dan Rusher Memorial	Bertha Peterson Scholarship	Michael H. Baker Scholarship	Harry Reasoner Educational Trust	Joe & Edith Reasoner Educational Trust	Cramlet/ Schnoor Scholarship	Esther Hansen Scholarship
Revenues:	Local sources:								
	Earnings on investments	\$ 220	574	384	283	45	440	2,374	425
	Contributions	-	-	-	-	-	-	-	-
		<u>220</u>	<u>574</u>	<u>384</u>	<u>283</u>	<u>45</u>	<u>440</u>	<u>2,374</u>	<u>425</u>
Expenditures:	Instruction:								
	Regular instruction:								
	Other	200	250	275	250	1,000	400	2,000	275
		<u>200</u>	<u>250</u>	<u>275</u>	<u>250</u>	<u>1,000</u>	<u>400</u>	<u>2,000</u>	<u>275</u>
Excess (deficiency) of revenues over (under) expenditures		20	324	109	33	(955)	40	374	150
Balance beginning of year		6,198	7,231	7,659	10,013	4,239	11,662	82,054	10,567
Balance end of year		<u>\$ 6,218</u>	<u>7,555</u>	<u>7,768</u>	<u>10,046</u>	<u>3,284</u>	<u>11,702</u>	<u>82,428</u>	<u>10,717</u>

HUMBOLDT COMMUNITY SCHOOL DISTRICT

Combining Statement of Revenues, Expenditures and Changes in Fund Balance
Private Purpose Trusts

Year ended June 30, 2011

	Anderson Scholarship	Klasse Scholarship	Griffin Scholarship	Castle Theater Scholarship	Howard G. & Ruth A. Louthen Trust	Bette L. Newton Scholarship	Rogness Scholarship	Totals
Revenues:								
Local sources:								
Earnings on investments	\$ 427	999	48,285	383	25,931	590	-	81,360
Contributions	-	-	327,550	-	-	-	-	327,550
	<u>427</u>	<u>999</u>	<u>375,835</u>	<u>383</u>	<u>25,931</u>	<u>590</u>	<u>-</u>	<u>408,910</u>
Expenditures:								
Instruction:								
Regular instruction:								
Other	390	900	1,347	350	40,359	500	-	48,496
	<u>390</u>	<u>900</u>	<u>1,347</u>	<u>350</u>	<u>40,359</u>	<u>500</u>	<u>-</u>	<u>48,496</u>
Excess (deficiency) of revenues over (under) expenditures	37	99	374,488	33	(14,428)	90	-	360,414
Balance beginning of year	10,862	20,736	304,173	9,644	1,639,108	8,315	8,291	2,140,752
Balance end of year	<u>\$ 10,899</u>	<u>20,835</u>	<u>678,661</u>	<u>9,677</u>	<u>1,624,680</u>	<u>8,405</u>	<u>8,291</u>	<u>2,501,166</u>

See accompanying independent auditor's report.

HUMBOLDT COMMUNITY SCHOOL DISTRICT

Schedule of Revenues by Source and Expenditures by Function
All Governmental Funds

For the Last Eight Years

	Modified Accrual Basis							
	2011	2010	2009	2008	2007	2006	2005	2004
Revenues:								
Local sources:								
Local tax	\$ 5,856,871	5,421,442	4,380,103	4,619,566	4,832,670	4,708,402	4,500,733	4,574,524
Tuition	699,694	680,712	641,945	605,224	563,069	604,225	679,891	703,547
Other	670,695	678,492	584,228	785,249	737,907	528,340	512,747	436,592
State sources	6,017,759	4,983,633	5,739,568	5,674,712	5,314,953	5,119,715	5,127,797	472,698
Federal sources	968,501	1,116,635	413,810	415,101	637,089	305,622	322,688	170,904
Total	\$ 14,213,520	12,880,914	11,759,654	12,099,852	12,085,688	11,266,304	11,143,856	6,358,265
Expenditures:								
Instruction	\$ 8,546,776	8,274,643	7,822,206	7,714,983	7,083,230	6,559,869	6,686,620	6,367,845
Support services:								
Student	239,054	182,811	178,169	190,281	205,893	272,808	317,654	409,919
Instructional staff	694,253	500,707	505,899	506,433	546,597	452,163	567,479	319,374
Administration	1,405,993	1,048,273	1,052,134	1,113,036	1,062,281	993,063	1,028,026	994,212
Operation and maintenance of plant	1,116,194	1,701,409	920,998	881,125	974,165	805,227	792,801	787,221
Transportation	437,721	458,548	335,003	524,508	595,078	433,517	346,058	375,635
Non-instructional programs:								
Food service operations	-	-	-	-	6,323	-	3,389	-
Other expenditures:								
Facilities acquisition	5,822,761	812,553	508,334	803,763	332,005	139,309	32,489	58,683
Debt Service:								
Principal	-	-	25,011	618,828	265,000	255,000	245,000	235,000
Interest and service charges	-	-	-	19,875	28,413	41,241	43,434	50,175
AEA flowthrough	490,306	463,324	426,384	416,080	393,205	377,143	379,759	378,152
Total	\$ 18,753,058	13,442,268	11,774,138	12,788,912	11,492,190	10,329,340	10,442,709	9,976,216

See accompanying independent auditor's report.

HUMBOLDT COMMUNITY SCHOOL DISTRICT

Schedule of Expenditures of Federal Awards

Year ended June 30, 2011

<u>Grantor/Program</u>	<u>CFDA Number</u>	<u>Grant Number</u>	<u>Expenditures</u>
Indirect:			
U.S. Department of Agriculture:			
Iowa Department of Education:			
School Nutrition Cluster Programs:			
School Breakfast Program	10.553	FY11	\$ 35,152
Food Distribution (non-cash)	10.555	FY11	35,510
Special Milk Program for Children	10.556	FY11	1,729
National School Lunch Program	10.555	FY11	<u>191,280</u>
			<u>263,671</u>
U.S. Department of Education:			
Iowa Department of Education:			
Title I Grants to Local Educational Agencies	84.010	FY11	130,413
ARRA - Title I Grants to Local Educational Agencies, Recovery Act	84.389	FY11	48,927
ARRA - State Fiscal Stabilization Fund (SFSF) - Education State Grants, Recovery Act	84.394	FY11	64,974
ARRA - State Fiscal Stabilization Fund (SFSF) - Government Services, Recovery Act	84.397	FY11	55,148
Education Jobs Fund	84.410	FY11	234,934
Improving Teacher Quality States Grants	84.367	FY11	48,956
Grants for Assessments and Related Activities	84.369	FY11	7,865
Title III - English Language Acquisition State Grants	84.365	FY11	5,927
Career and Technical Education - Basic Grants to States	84.048	FY11	13,489
Advanced Placement Program	84.330	FY11	342
Special Education - Preschool Grant	84.173	FY11	1,223
Safe and Drug-Free Schools and Communities - National Programs	84.184	FY11	778
PrairieLand Area Education Agency 8:			
ARRA - Special Education Grants to States, Recovery Act	84.391	FY11	21,149
Special Education - Grants to States	84.027	FY11	<u>64,907</u>
Total			<u>\$ 962,703</u>

Basis of Presentation - The Schedule of Expenditures of Federal Awards includes the federal grant activity of Humboldt Community School District and is presented on the accrual or modified accrual basis of accounting. The information on this schedule is presented in accordance with the requirements of OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

See accompanying independent auditor's report.

BRUCE D. FRINK

Certified Public Accountant

Member:

- American Institute of Certified Public Accountants
- Iowa Society of Certified Public Accountants

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Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards

To the Board of Education of the
Humboldt Community School District:

We have audited the accompanying financial statements of the governmental activities, the business type activities and each major fund of Humboldt Community School District as of and for the year ended June 30, 2011, which collectively comprise the District's basic financial statements listed in the table of contents, and have issued our report thereon dated February 17, 2012. We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Humboldt Community School District's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing our opinion on the effectiveness of Humboldt Community School District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Humboldt Community School District's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses and, therefore, there can be no assurance all deficiencies, significant deficiencies or material weaknesses have been identified. However, as described in the accompanying Schedule of Findings and Questioned Costs, we identified certain deficiencies in internal control over financial reporting we consider to be material weaknesses.

A deficiency in internal control exists when the design or operation of the control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility a material misstatement of the District's financial statements will not be prevented or detected and corrected on a timely basis. We consider the deficiencies in internal control described in Part II of the accompanying Schedule of Findings and Questioned Costs as items II-A-11 and II-B-11 to be material weaknesses.

A significant deficiency is a deficiency or combination of deficiencies in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiency described in Part II of the accompanying Schedule of Findings and Questioned Costs as item II-C-11 to be a significant deficiency.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Humboldt Community School District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, non-compliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of non-compliance or other matters that are required to be reported under Government Auditing Standards. However, we noted certain material instances of non-compliance or other matters that are described in Part IV of the accompanying Schedule of Findings and Questioned Costs.

Comments involving statutory and other legal matters about the District's operations for the year ended June 30, 2011 are based exclusively on knowledge obtained from procedures performed during our audit of the financial statements of the District. Since our audit was based on tests and samples, not all transactions that might have had an impact on the comments were necessarily audited. The comments involving statutory and other legal matters are not intended to constitute legal interpretations of those statutes.

Humboldt Community School District's responses to findings identified in our audit are described in the accompanying Schedule of Findings and Questioned Costs. While we have expressed our conclusions on the District's responses, we did not audit Humboldt Community School District's responses and, accordingly, we express no opinion on them.

This report, a public record by law, is intended solely for the information and use of the officials, employees and citizens of Humboldt Community School District and other parties to whom Humboldt Community School District may report, including federal awarding agencies and pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties.

We would like to acknowledge the many courtesies and assistance extended to us by personnel of Humboldt Community School District during the course of our audit. Should you have any questions concerning any of the above matters, we shall be pleased to discuss them with you at your convenience.



BRUCE D. FRINK
Certified Public Accountant

February 17, 2012

BRUCE D. FRINK

Certified Public Accountant

Independent Auditor's Report on Compliance with Requirements
That Could Have a Direct and Material Effect on Each Major
Program and on Internal Control over Compliance in
Accordance with OMB Circular A-133

To the Board of Education of
Humboldt Community School District:

Compliance

We have audited the compliance of Humboldt Community School District's compliance with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that could have a direct and material effect on each of Humboldt Community School District's major federal programs for the year ended June 30, 2011. Humboldt Community School District's major federal programs are identified in Part I of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts and grant agreements applicable to each of its major federal programs is the responsibility of Humboldt Community School District's management. Our responsibility is to express an opinion on Humboldt Community School District's compliance based on our audit.

We conducted our audit of compliance in accordance with U.S. generally accepted auditing standards, the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, and OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether non-compliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Humboldt Community School District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on Humboldt Community School District's compliance with those requirements.

In our opinion, Humboldt Community School District complied, in all material respects, with the requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2011.

Internal Control over Compliance

The management of Humboldt Community School District is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grant agreements applicable to federal programs. In planning and performing our audit, we considered Humboldt Community School District's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Humboldt Community School District's internal control over compliance.

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- Extended Hours During Tax Season

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over compliance that might be significant deficiencies or material weaknesses and therefore, there can be no assurance all deficiencies, significant deficiencies or material weaknesses have been identified. However, as discussed below, we identified a deficiency in internal control over compliance that we consider to be a material weakness.

A deficiency in the District's internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance such that there is a reasonable possibility material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected and corrected on a timely basis. We consider the deficiency in internal control over compliance described in the accompanying Schedule of Findings and Questioned Costs as item III-A-11 to be a material weakness.

Humboldt Community School District's responses to the findings identified in our audit are described in the accompanying Schedule of Findings and Questioned Costs. While we have expressed our conclusions on the District's responses, we did not audit Humboldt Community School District's responses and, accordingly, we express no opinion on them.

This report, a public record by law, is intended solely for the information and use of the officials, employees and citizens of Humboldt Community School District and other parties to whom Humboldt Community School District may report, including federal awarding agencies and pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties.

Bruce D. Frink

BRUCE D. FRINK
Certified Public Accountant

February 17, 2012

HUMBOLDT COMMUNITY SCHOOL DISTRICT

Schedule of Findings and Questioned Costs

Year ended June 30, 2011

Part I: Summary of the Independent Auditor's Results:

- (a) Unqualified opinions were issued on the financial statements.
- (b) Material weaknesses in internal control over financial reporting were disclosed by the audit of the financial statements.
- (c) The audit did not disclose any noncompliance which is material to the financial statements.
- (d) A material weakness in internal control over major programs was disclosed by the audit of the financial statements.
- (e) An unqualified opinion was issued on compliance with requirements applicable to each major program.
- (f) The audit disclosed no audit findings which are required to be reported in accordance with Office of Management and Budget Circular A-133, Section .510(a).
- (g) Major programs were as follows:
 - CFDA Number 84.410 - Education Jobs Fund
 - Clustered programs:
 - CFDA Number 10.553 - School Breakfast Program
 - CFDA Number 10.555 - National School Lunch Program
 - CFDA Number 10.556 - Special Milk Program for Children
- (h) The dollar threshold used to distinguish between Type A and Type B programs was \$300,000.
- (i) Humboldt Community School District did not qualify as a low-risk auditee.

HUMBOLDT COMMUNITY SCHOOL DISTRICT

Schedule of Findings and Questioned Costs

Year ended June 30, 2011

Part II: Findings Related to the Financial Statements:

INSTANCES OF NON-COMPLIANCE:

No matters were reported.

INTERNAL CONTROL DEFICIENCIES:

- II-A-11 Segregation of Duties - One important aspect of the internal control structure is the segregation of duties among employees to prevent an individual employee from handling duties that are incompatible. The District has done a good job of segregating duties among the present staff, however, the District Secretary continues to have the ability to override the present controls and circumvent the internal control system.

Recommendation - We realize the job description, as defined by the Code of Iowa, of the Finance Manager makes the segregation of duties even more difficult and the elimination of the possibility of administrative override of the system improbable. However, we feel the board and the administration should review these policies annually and with each personnel change to insure the best possible control climate is maintained.

Response - We will continue to review procedures to obtain the best controls possible.

Conclusion - Response accepted.

- II-B-11 Auditor Drafting of the Financial Statements and Related Footnote Disclosures - As in prior years, we were requested to draft the audited financial statements and related footnote disclosures as part of our regular audit services. SAS 115, an auditing standard from the American Institute of Certified Public Accountants, requires auditors to communicate this situation as an internal control deficiency. Ultimately, it is management's responsibility to provide for the preparation of the District's statements and footnotes, and the responsibility of the auditor to determine the fairness of the presentation of those statements. From a practical standpoint we do both for you at the same time in connection with our audit. This is not unusual for us to do this with organizations of your size. However, based on this auditing standard, it is our responsibility to inform you that this deficiency could result in a misstatement to the financial statements that could have been prevented or detected by the District's management. As in prior years, we have instructed management to review a draft of the auditor prepared financial statements in detail for their accuracy; we have answered any questions they might have, and encouraged research of any accounting guidance in connection with the adequacy and appropriateness of classification and disclosure in your financial statements. We are satisfied that the appropriate steps have been taken to provide you with the completed financial statements.

Recommendation - It is the responsibility of management and those charged with governance to make the decision whether to accept the degree of risk associated with this condition because of cost or other considerations.

Response - We feel our review of the draft financials is adequate for us to accept this risk.

Conclusion - Response accepted.

HUMBOLDT COMMUNITY SCHOOL DISTRICT

Schedule of Findings and Questioned Costs

Year ended June 30, 2011

Part II: Findings Related to the Financial Statements:
(continued):

II-C-11 Financial Reporting - During the audit, we identified material amounts of payables in the Capital Projects Fund - Construction Project, which were not recorded in the District's financial statements. These consisted of retainage amounts from the construction of the new middle school building.

Recommendation - The District should implement procedures to ensure all payables are identified and included in the District's financial statements.

Response - We will double check these in the future to avoid missing any payables.

Conclusion - Response accepted.

Part III: Findings and Questioned Costs For Federal Awards:

INSTANCES OF NON-COMPLIANCE:

No matters were noted.

INTERNAL CONTROL DEFICIENCIES:

CFDA Number 10.553 - School Breakfast Program
CFDA Number 10.555 - National School Lunch Program
CFDA Number 10.556 - Special Milk Program for Children
Federal Award Year: 2011
US Department of Agriculture
Passed through Iowa Department of Education

CFDA Number 84.410: Education Jobs Fund
Federal Award Year: 2011
U.S. Department of Education
Passed through Iowa Department of Education

III-A-11 Segregation of Duties - One important aspect of the internal control structure is the segregation of duties among employees to prevent an individual employee from handling duties that are incompatible. The District has done a good job of segregating duties among the present staff, however, the District Secretary continues to have the ability to override the present controls and circumvent the internal control system.

Recommendation - We realize the job description, as defined by the Code of Iowa, of the Finance Manager makes the segregation of duties even more difficult and the elimination of the possibility of administrative override of the system improbable. However, we feel the board and the administration should review these policies annually and with each personnel change to insure the best possible control climate is maintained.

Response and Corrective Action Planned - We will continue to review procedures to obtain the best controls possible.

Conclusion - Response accepted.

HUMBOLDT COMMUNITY SCHOOL DISTRICT

Schedule of Findings and Questioned Costs

Year ended June 30, 2011

Part IV: Other Findings Related to Required Statutory Reporting:

IV-A-11 Certified Budget - Expenditures for the year ended June 30, 2011 exceeded the certified budget amount in the other expenditures function. The District did not exceed its unspent authorized budget.

Recommendation - The certified budget should have been amended in accordance with Chapter 24.9 of the Code of Iowa before expenditures were allowed to exceed the budget.

Response - Future budgets will be amended in sufficient amounts to ensure the certified budget is not exceeded.

Conclusion - Response accepted.

IV-B-11 Questionable Disbursements - We noted no disbursements that may not meet the requirements of public purpose as defined in an Attorney General's opinion dated April 25, 1979.

IV-C-11 Travel Expense - No expenditures of District money for travel expenses of spouses of District officials or employees were noted. No travel advances to District officials or employees were noted.

IV-D-11 Business Transactions - No business transactions between the District and District officials or employees were noted.

IV-E-11 Bond Coverage - Surety bond coverage of District officials and employees is in accordance with statutory provisions. The amount of coverage should be reviewed annually to insure that the coverage is adequate for current operations.

IV-F-11 Board Minutes - We noted no transactions requiring Board approval which had not been approved by the Board.

IV-G-11 Deposits and Investments - We noted no instances of noncompliance with the deposit and investment provisions of Chapter 12B and Chapter 12C of the Code of Iowa and the District's investment policy.

IV-H-11 Certified Annual Report - The Certified Annual Report was certified timely with the Department of Education.

IV-I-11 Certified Enrollment - No variances in the basic enrollment data certified to the Department of Education were noted.

IV-J-11 Supplementary Weighting - No variances regarding the supplementary weighting certified to the Iowa Department of Education were noted.

IV-K-11 Categorical Funding - No instances were noted of categorical funding being used to supplant rather than supplement other funds.

HUMBOLDT COMMUNITY SCHOOL DISTRICT

Schedule of Findings and Questioned Costs

Year ended June 30, 2011

Part IV: Other Findings Related to Required Statutory Reporting:
(continued)

IV-L-11 Statewide Sales, Services and Use Tax - No instances of non-compliance with the use of the statewide sales, services and use tax revenue provisions of Chapter 423F.3 of the Code of Iowa were noted.

Pursuant to Chapter 423F.5 of the Code of Iowa, the annual audit is required to include certain reporting elements related to the statewide sales, services and use tax revenue. Districts are required to include these reporting elements in the Certified Annual Report (CAR) submitted to the Iowa Department of Education. For the year ended June 30, 2011, the District reported the following information regarding the statewide sales, services and use tax revenue in the District's CAR:

Beginning balance		\$1,323,331
Revenues/transfers in:		
Sales tax revenues	\$898,898	
Other local revenues	<u>6,783</u>	<u>905,681</u>
		2,229,012
Expenditures/transfers out:		
School infrastructure construction	333,342	
Transfers to other funds:		
Debt service fund	<u>626,854</u>	<u>960,196</u>
Ending balance		<u>\$1,268,816</u>

For the year ended June 30, 2011, the District reduced the following levies as a result of the moneys received under Chapter 423E or 423F of the Code of Iowa.

	Rate of Levy Reduction Per \$1,000 Of Taxable Valuation	Property Tax Dollars Reduced
Debt service levy	<u>\$1.83</u>	<u>\$626,854</u>